New guidelines on bank investment norms

4667. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has issued new guidelines tightening bank investment norms;

(b) if so, what are the details of guidelines issued; and

(c) what are the reasons for issuing the new guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Reserve Bank of India (RBI) have reported that they have not issued any guidelines recently on banks' investment norms. However, an informal group on valuation of banks' investment portfolio set up by Reserve Bank of India had made certain recommendations on classification of investments in Government and other approved securities. RBI have not taken any final decision on the recommendations.

Rewarding of bank officials for reduction of NPAs

4668. SHRI NANA DESHMUKH: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Questions 497 and 3305 given in the Rajya Sabha on 29th February and 25th April, 2000 respectively and state:

(a) whether Government are aware of the news-item captioned "Banks told to go for wilful defaulters to contain NPAs" which appeared in the Hindustan Times, dated 29th March, 2000; and

(b) whether Government have any plan to reward the top banking officials, if a nationalized bank reduce its NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) While there is no proposal under consideration to provide any monetary incentives to bank officers whose efforts lead to the reduction to NPAs, good performance in any aspect of official work is an input that get due attention in the promotion exercises and career advancement plan of performance oriented organizations. As far as the top management of banks is concerned, all round performance, in which reduction of NPAs is only one among several components, is taken note of so that the system can take advantage of the experience of good performers in the larger public interest.